



Financing *for* Development

Review
Session 1

General Assembly

Sixty-second session

Hearings of civil society on financing for development

(18 June 2008, UN Headquarters, Conference Room 4)

CTT instrument for FfD

(Currency Transaction Tax)



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Presentation by the Secretariat of the
UBUNTU Forum and the World Campaign
for the in-Depth Reform of International
Institutions

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 - Monterrey Consensus
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Introduction (1)

- Monterrey Consensus
 - Mobilizing International Resources for Development
 - Increasing International Financial Cooperation for Development

44. We recognize the value of exploring innovative sources of finance provided that those sources do not unduly burden developing countries. In that regard, we agree to study, in the appropriate forums, the results of the analysis requested from the Secretary-General on possible innovative sources of finance, noting the proposal to use special drawing rights allocations for development purposes. We consider that

Introduction (2)

- Trends, crisis, challenges
 - ODA is decreasing again
 - MDGs are far to achieve
 - Food crisis, climate change crisis, ...
 - ...

► Official Development Assistance (ODA)

USD Billion
updated April 2008

	2000	2001	2002	2003	2004	2005	2006	2007(B)
TOTAL DAC*	53	52	58	69	79	107	104	103

B: Preliminary data

* Development Assistance Committee

SOURCE: www.oecd.org/dac/stats

► Estimated cost of meeting the Millennium Development Goals

Table 17.3
Estimated cost of meeting the Millennium Development Goals in all countries
2003 US\$ billions

— Not available.

Note: Numbers in table may not sum to totals because of rounding. Refer to appendix 3 for more details.

Source: 2002 data based on OECD/DAC 2004d. Projections for 2006–15 are authors' calculations.

Category	Estimated ODA in 2002	Projected for 2006	Projected for 2010	Projected for 2015
<i>MDG support needs in low-income countries</i>				
MDG financing gap	12	73	89	135
Capacity building to achieve the MDGs	5	7	7	7
Grants in support of heavy debt burden	—	7	6	1
Debt relief	4	6	6	6
Repayments of concessional loans	–5	0	0	0
Subtotal	15	94	108	149
<i>MDG support needs in middle-income countries</i>				
Direct support to government	4	10	10	10
Capacity building to achieve the MDGs	5	5	5	5
Repayments of concessional loans	–6	–3	–4	–6
Subtotal	3	12	11	9
<i>MDG support needs at the international level</i>				
Regional cooperation and infrastructure	2	3	7	11
Funding for global research	1	5	7	7
Implementing the Rio Conventions	1	2	3	5
Technical cooperation by international organizations	5	5	7	8
Subtotal	10	15	23	31

SOURCE: Investing in Development; Report for the Secretary General of the United Nations, by Jeffrey D. Sachs, Director of the United Nation's Millennium Project; January 2005. The table and the report are available at www.unmillenniumproject.org

Estimated cost of meeting the MDGs in all countries

28

121

unmillenniumproject.org

143

189

unmillenniumproject.org

Some numbers

SOME NUMBERS

	\$
United Nations (administrative budget) ¹	2,100,000,000
World Bank (administrative budget) ²	2,119,000,000
International Monetary Fund (administrative budget) ³	922,000,000
Bank losses generated by financial crisis ⁴	565,000,000,000
Aggregate potential losses because of financial crisis ⁵	945,000,000,000
World military spending ⁶	1,158,000,000,000
Costs of climate change adaptation in developing countries ⁷	50,000,000,000
European investments needed for climate change mitigation ⁸	106,000,000,000
UNITAID ⁹	351,000,000
IFFIm expected disbursements 2008 ¹⁰	300,000,000
Investments climate change mitigation through emissions trading-Germany ¹¹	120,000,000
Illicit capital flows ¹²	1,600,000,000,000
Emigrants' remittances ¹³	240,000,000,000
Official Development Assistance ¹⁴	103,700,000,000
Assistance needed to achieve Millennium Development Goals ¹⁵	189,000,000,000
FOREX (daily average turnover) ¹⁶	3,210,000,000,000
FOREX (total annual turnover) ¹⁷	865,532,000,000,000
Currency Transaction Tax revenue (at a rate of 0.005%) (estimated) ¹⁸	43,270,000,000



Report of the Technical Group on Innovative Financing Mechanisms

ACTION AGAINST
HUNGER AND POVERTY



Report of the Technical
Group on Innovative
Financing Mechanisms

September 2004 ■



ACTION AGAINST
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Conclusion

Despite the aforementioned obstacles, the proposal **to levy a tax on financial transactions at a very low rate would lead to the collection, on a stable and predictable basis, of a significant amount of resources for development while not interfering with the normal functioning of the market.**

Analysis and proposals

by the UBUNTU Forum Secretariat

DRAFT
CTT for FFD Campaign:
SHEET 1

DOHA 2008: THE TIME IS RIPE!

The Doha Review Conference and the
**PROPOSAL FOR AN
INTERNATIONAL POLITICAL AGREEMENT
TO IMPLEMENT A
CURRENCY TRANSACTION TAX (CTT),**
which is intended as a source of FfD in that
the revenues would go to UN multilateral funds, the aim
for the initial period being to achieve the MDGs by 2015

0.7% ODA and 0.005% CTT

From paragraph 44 of the Monterrey Consensus (2002) Secretary General's Note for to the Special High-Level Meeting of the ECOSOC to be held in New York on 14 April:

1.6. There is renewed international interest in a possible currency-transaction "development levy" of 0.005 percent, a minuscule tax that is not expected to materially affect market operations while having the potential to generate billions of dollars that can be allocated for development. OECD countries are already raising substantial amounts of revenue on various types of financial transactions taxes with no apparent negative impact on financial markets. The international financial system already has clearing and settlement mechanisms that can manage the collection of this levy at low cost for any one country unilaterally. The difference is that, by its nature, currency transactions taxes involve more than one country, being levied on exchanging the currency of one country for another. Thus, these are taxes that are best implemented in a cooperative manner among countries.

The universe of taxes on financial transactions has many dimensions. The *CTT for FFD Campaign* has a specific collective goal: to significantly increase the funds allocated to finance development, which should be additional, predictable, stable and sustainable. However, the promoters of the Campaign consider that other international taxes on financial transactions with a regulatory aim are essential, and so will continue to be.

This sheet has been produced by the Secretariat of the World Forum of Civil Society Networks –UBUNTU and the World Campaign for in-depth Reform of the System of International Institutions in the context of the "NGO Working Group on CTT for FFD".

UN Secretary General

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<http://www.un.org/Docs/journal/asp/ws.asp?m=E/2008/7>

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Doha 2008: Creating the Future

- As one of the main goals of the Doha Review process of the Monterrey Consensus, we propose to include the compromise (or, at least, the willingness) to apply this 0,005% CTT levy in the outcome text. The collection of this levy should take the shape of an “international political agreement”, like the 0,7% of ODA.



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